

Message Text

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72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-04 USIA-15 PRS-01 DRC-01 /160 W

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R 131746Z NOV 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 6528

LIMITED OFFICIAL USE SANTIAGO 5565

EO 11652: N/A

TAGS: EFIN, CI

SUBJ: ORLANDO SAENZ ON NEGOTIATIONS WITH US

PASS OPIC

BEGIN UNCLASSIFIED

1. NOV 10 EL MERCURIO CARRIED SIX COLUMN INTERVIEW WITH ORLANDO SAENZ ENTITLED "CHILE AND US STUDY SOLUTION TO OUTSTANDING FINANCIAL PROBLEMS". ARTICLE BEGAN BY REVIEWING PARIS CLUB NEGOTIATIONS BUT QUICKLY SWITCHED TO SUBJECT OS COPPER COMPENSATION. MERCURIO REPORTS SAENZ SAID USG NOW BELIEVES COPPER COMPENSATION PROBLEM IS BETWEEN PRIVATE COMPANIES AND GOC. SAENZ EMPHASIZED CHILE HAD MADE NO COMMITMENTS TO ANOCONDA AND KENNECOTT OTHER THAN TO CONTINUE DISCUSSIONS. THESE COMPANIES, HE SAID, CALCULATED VALUE OF THEIR NATIONALIZED PROPERTIES IN CHILE AT \$750 MILLION. SAENZ SAID GOC WOULD ABIDE BY COMMITMENT UNDERTAKEN IN 1972 PARIS CLUB AGREEMENT (ARTICLE4) ON COMPENSATION FOR NATIONALIZATION AND JUST COMPENSATION WOULD BE ESTABLISHED - BUT NOT AMOUNT BEING CLAIMED BY COMPANIES. IN ANSWER TO QUESTION ABOUT HOW

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AMOUNT OWED WOULD BE DETERMINED, SAENZ DREW PARALLEL WITH

WHAT WOULD HAPPEN IF REPORTER'S TAPE RECORDER WERE EXPROPRIATED. IF TWO PARTIES INVOLVED COULD NOT AGREE ON INDEMNITY, THEY WOULD ASK JUDGE TO FIX VALUE. JUDGE WOULD REVIEW CASE, AND IF HE DETERMINED RECORDER COST \$70 NEW, HE MIGHT DEPRECIATE AMOUNT FOR USE AND ARRIVE AT PAYMENT OF ONLY \$30.

2. SAENZ SUMMARIZED FOREIGN MINISTER HUERTA'S PRESENTATION TO US BUSINESS LEADERS DURING HUERTA'S RECENT TRIP TO UN AS FOLLOWS:

A. PRESENT GOVERNMENT IS PRAPARED TO INITIATE TECHNICAL TALK WITH EACH US COMPANY THAT HAS HAD PROBLEMS IN CHILE;

B. US COMPANIES ASKED TO GIVE COMPLETE AND JUST CONSIDERATION TO INTERESTS OF CHILEAN NATION;

C. NO DEMANDS SHOULD BE MADE WHICH WOULD PREJUDICE ECONOMIC AND SOCIAL DEVELOPMENT OF COUNTRY.

SAENZ SAID THESE OBSERVATIONS WERE IN GENERAL TERMS AND NOT DIRECTED ONLY AT COPPER COMPANIES.

3. ARTICLE ATTRIBUTES TO SAENZ STATEMENT THAT US IS AGREEABLE TO NEGOTIATING BILATERAL ISSUES PARALLEL WITH PARIS CLUB DELIBERATIONS. HE ADDS THAT US UNDERSTANDS PERFECTLY THAT CHILE CANNOT BEGIN BILATERAL NEGOTIATIONS UNTIL IT HAS HAD TIME TO STUDY SITUATION OF COUNTRY AND DEVELOP COORDINATED PLAN. END UNCLASS.

4. COMMENT: BEGIN LIMITED OFFICIAL USE. CENTRAL BANK CONSIDERS ITSELF RESPONSIBLE FOR DEBT RENEGOTIATIONS AND COMMITTEE HEADED BY JORGE MARSHALL HAS BEEN SET UP. MARSHALL'S DEPUTY IS MANUEL BLANCO, WHO, OBVIOUSLY MIFFED, COMMENTED TO EMBOFF HE WISHED ORLANDO SAENZ (FONMIN ECONOMIC ADVISOR) WOULD NOT CONDUT NEGOTIATIONS IN PRESS. END LOU. THOMPSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, NATIONALIZATION, NEGOTIATIONS, INDEMNIFICATION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANTIA05565
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731137/aaaabayx.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by willialc>; APPROVED <12 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ORLANDO SAENZ ON NEGOTIATIONS WITH US PASS OPIC
TAGS: EFIN, CI, US, ANACONDA, KENNECOT, (SAENZ, ORLANDO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005